State of Idaho

DEPARTMENT OF INSURANCE

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NEWS RELEASE

FOR IMMEDIATE RELEASE

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AIG POLICYHOLDERS SHOULD BE CAREFUL IF APPROACHED TO REPLACE POLICIES

Insurance companies are financially sound; switching may have hidden costs; insurers, brokers and agents warned to follow consumer protection rules

BOISE ID (October 1, 2008) – AIG's insurance companies are financially sound, with substantially more in assets than they need to pay all valid present and projected claims, Bill Deal, Idaho Department of Insurance Director today reassured policyholders.

"Don't make any rash decisions if you have a policy issued by an AIG insurance company," Deal said. "If you have a life insurance or annuity policy and someone tells you to replace it because of the troubles at AIG's parent company, we encourage you to call us immediately."

Replacing, cancelling or liquidating insurance policies or annuities can have hidden costs and tax consequences. Agents are required by law to provide all information needed so that consumers can make educated decisions.

"If someone tells you to replace any policy because an AIG insurance company is in trouble and may not be able to pay your claim, that is not only untrue, it is against the law. Call us. Some regulators have received reports that this is happening. Our job is to protect consumers from improper sales practices," said Director Deal.

AIG Frequently Asked Questions and Answers

Is AIG going bankrupt?

AIG is an international financial holding company with numerous subsidiaries. Your insurance and annuity policies are written by AIG's insurance companies. Based on all available information, those companies are financially strong and their assets are protected by state regulators.

(more)

Will AIG be able to pay claims?

The AIG affiliated insurance companies are financially solvent and able to pay claims. The financial issues facing AIG are occurring because the parent company (which is not an insurance company) made investments in mortgage-backed securities and engaged in credit default transactions with troubled investment banks and financial firms.

Are the insurance and annuity policies I purchased from AIG safe or am I going to lose my money?

Your policies are safe. Based on all available information, AIG's insurance companies are financially strong and fully able to honor all policyholders' claims. The Idaho Department of Insurance will continue to closely monitor the situation to ensure that policyholders are protected.

Should I cash in my insurance and annuity policies and purchase insurance from another insurer?

Based on all available information, the AIG insurance companies are financially strong, so your policies are not in jeopardy. Cashing in your policy or switching insurers is a personal decision. Be aware that some policies may contain surrender charges and/or cancellation penalties. Before making a decision, talk to your agent, attorney or financial advisor. Call the Department to find out all the information your agent or broker should give you before you make a decision. If you have any insurance policy with an AIG company and someone advises you to replace it because of the troubles at AIG's parent company or supposed trouble at the insurance company, call the Department immediately.

Should I pay the insurance premium bill I just received from AIG?

In order for your coverage with AIG to continue, you will need to pay the premiums. Failure to pay your premiums can result in the termination of your insurance policies by the insurance company.

Would my insurance and annuity policies have been protected had AIG been declared insolvent and ordered to be liquidated by a court?

Every state has guaranty funds in place which act as a safety net in the event an insurer becomes insolvent. These funds guarantee, up to certain limits, the policyholder obligations of an insolvent insurer.

Who do I call if I have questions about my AIG insurance policy?

If you need to file a complaint or have a general question, call the Department and ask to speak to a Consumer Affairs Officer at 334-4250 in Boise, or 800-721-3272 toll free statewide.